

CONCISE SUMMARY OF ECONOMIC IMPACT STATEMENT

STATE OF MISSISSIPPI
{INSERT AGENCY NAME}
{Optional Insert Agency Division or Department}

Mississippi State Board of Contractors
c/o John M. Sullivan, II, Executive Secretary
215 Woodline Drive
Jackson, Mississippi 39232
(601) 354-6161
info@msboc.us or www.msboc.us

Specific Legal Authority Authorizing the promulgation of Rule: Miss. Code Ann. §31-3-13(f) (1972, as amended) grants the power and responsibility to the Board to adopt rules and regulations setting forth the requirements for certificates of responsibility, the revocation or suspension thereof, and all other matters concerning same; rules and regulations governing the conduct of the business of the board and its employees; and such other rules and regulations as the board finds necessary for the proper administration of this chapter.

Reference to Rules repealed, amended or suspended by the Proposed Rule: 50 023 001. Rules and Regulations – Commercial. Rule 1.i. An applicant for a new certificate shall furnish the Board with at a minimum a reviewed financial statement completed within the prior twelve (12) months on a form prescribed by the Board, prepared and signed by a certified public accountant, stating the assets, liabilities and net worth of the person, firm, partnership, co-partnership, or corporation. Such statement will be used by the Board to determine the financial responsibility of the applicant to perform work in the amount of Fifty Thousand Dollars (\$50,000.00) or more with respect to public projects or One Hundred Thousand Dollars (\$100,000.00) or more with respect to private projects. Assets of applicants for major classifications must include a net worth of at least Fifty Thousand Dollars (\$50,000.00). Assets of all other applicants must include a net worth of at least Twenty Thousand Dollars (\$20,000.00). The financial statement and any information contained therein, as well as any other financial information required to be submitted by an applicant, shall be confidential. All applicants for renewal shall meet the same requirements set forth above except that the financial statement need not be a reviewed statement, but it must be on a form(s) prescribed by the Board.

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Law. This is a Concise Summary of the Economic Impact Statement which must be filed with the Notice of Proposed Rule Adoption in the Secretary of State's Office. The full text of the Economic Impact Statement may be obtained from the agency contact person at the above address.

Persons may present their views by submitting written comments on the proposed rule adoption to the agency contact person at the above address. Additional information on where, when and how persons may present their views or demand an oral proceeding on the proposed rule are included in the Notice of Proposed Rule Adoption to which this is attached.

a. Description of the need for and the benefits of the proposed rule: The Mississippi Board of Contractors is a licensing agency whose purpose is to protect the health, safety and general welfare of all persons dealing with those who are engaged in the vocation of contracting and to afford such persons an effective and practical protection against incompetent, inexperienced, unlawful and fraudulent acts of contractors pursuant to Miss Code Ann. §31-3-1, et seq. (1972, as amended). In order to fulfill the statutory purpose of the agency and to assess the financial responsibility of a certificate holder upon request for renewal of a Certificate of Responsibility, the Board of Contractors needs a reviewed financial statement from certificate holders who perform work that is equal to or greater than One Million Dollars (\$1,000,000.00) per year or a balance sheet prepared in accordance with generally accepted accounting principles for certificate holders who perform work that is less than One Million Dollars (\$1,000,000.00) per year.

b. Cost estimate to the agency and other state or local government entities: \$0.00

c. Estimate of the cost or economic benefit to all persons: The estimated minimum cost for a reviewed financial statement is \$1,000.00, depending upon the size of the business.

d. Analysis of the impact on small business: A reviewed financial statement is required only for certificate holders who perform work in an amount equal to or greater than One Million Dollars (\$1,000,000.00) per year. Certificate holders who perform work that is less than One Million Dollars (\$1,000,000.00) per year are only required to provide a balance sheet prepared in accordance with generally accepted accounting principles.

e. Comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the rule: The estimated cost for a reviewed financial statement or balance sheet prepared in accordance with generally accepted accounting principles is outweighed by the benefit of verifying the financial responsibility of certificate holders who wish to perform work in the amount of Fifty Thousand Dollars (\$50,000.00) or more with respect to public projects or One Hundred Thousand Dollars (\$100,000.00) or more with respect to private projects.

f. Determination as to whether less costly or less intrusive methods exist to achieve the purpose of the rule: It has been determined that a less costly or less intrusive method does not exist to achieve the purpose of the rule.

g. Description of reasonable alternative methods and reasons for rejection of the alternative methods: There is no reasonable alternative substitute to assess the financial responsibility of certificate holders.

f. Data and methodology in making the estimates in the economic impact statement: The estimates made in this economic impact statement are based on information and data currently available to the Board of Contractors and the number of certificates currently issued by the Board.

Date Rule Proposed: April 8, 2009

Proposed Effective Date of Rule: October 8, 2009

 Exec. Dir.
Signature and Title of Person Submitting Rule for Filing

PROPOSED ADMINISTRATIVE RULE/REGULATION CHANGES
TO THE

RULES AND REGULATIONS
OF THE
STATE BOARD OF CONTRACTORS

April 8, 2009

The following proposed administrative rule/regulation changes will be filed of record with the Mississippi Secretary of State's Office upon adoption by the Board and in accordance with the State's Administrative Procedure Act for a thirty (30) day comment period before it can finally be adopted by the Board:

1.i. An applicant for a new certificate shall furnish the Board with at a minimum a reviewed financial statement completed within the prior twelve (12) months on a form prescribed by the Board, prepared and signed by a certified public accountant, stating the assets, liabilities and net worth of the person, firm, partnership, co-partnership, or corporation. Such statement will be used by the Board to determine the financial responsibility of the applicant to perform work in the amount of Fifty Thousand Dollars (\$50,000.00) or more with respect to public projects or One Hundred Thousand Dollars (\$100,000.00) or more with respect to private projects. Assets of applicants for major classifications must include a net worth of at least Fifty Thousand Dollars (\$50,000.00). Assets of all other applicants must include a net worth of at least Twenty Thousand Dollars (\$20,000.00). The financial statement and any information contained therein, as well as any other financial information required to be submitted by an applicant, shall be confidential. All applicants for renewal certificates shall meet the same requirements set forth above except the following applies regarding financial statements: Certificate holders performing work that is equal to or in excess of One Million Dollars (\$1,000,000.00) per year shall furnish a reviewed financial statement. Certificate holders performing work that is less than One Million Dollars (\$1,000,000.00) per year shall furnish a balance sheet prepared in accordance with generally accepted accounting principles.

CURRENT FORM OF RULE:

Rule 1.i. An applicant for a new certificate shall furnish the Board with at a minimum a reviewed financial statement completed within the prior twelve (12) months on a form prescribed by the Board, prepared and signed by a certified public accountant, stating the assets, liabilities and net worth of the person, firm, partnership, co-partnership, or corporation. Such statement will be used by the Board to determine the financial responsibility of the applicant to perform work in the amount of Fifty Thousand Dollars (\$50,000.00) or more with respect to public projects or One Hundred Thousand Dollars (\$100,000.00) or more with respect to private

projects. Assets of applicants for major classifications must include a net worth of at least Fifty Thousand Dollars (\$50,000.00). Assets of all other applicants must include a net worth of at least Twenty Thousand Dollars (\$20,000.00). The financial statement and any information contained therein, as well as any other financial information required to be submitted by an applicant, shall be confidential. All applicants for renewal shall meet the same requirements set forth above except that the financial statement need not be a reviewed statement, but it must be on a form(s) prescribed by the Board.